EXHIBIT D

MP4011004201

A. RALLIS

Sent To
J. Creedon
S. Nagler

History of Deferred Income Assets

- The Company's level of investment in deferred income assets has increased significantly over the last 5 years.
- The level of such assets in the Ordinary Life line has grown from approximately $500 million in 1973 to approximately $2.2 billion in 1983 and $5.5 billion in 1986. The impact of these investments on the Ordinary Life portfolio rate has been significant. (Exhibit 1).
- The impact of such assets in the Group and Pensions lines has been much less significant (Exhibits 2 through 4).

Historical Competitive Position

- Our dividends have been low in recent years compared to our competitors (Exhibit 5). This is due in part to the fact that Metropolitan's Ordinary Life net investment income has been relatively flat while that of some of our major competitors has been increasing. (Exhibit 6). This can also be measured by our relatively low gain before dividends (Exhibit 7).
- In addition, we have been distributing a relatively smaller percentage of our gain before dividends (Exhibit 8) and have retained a relatively greater gain after dividends (Exhibit 9).
- The composite result of these factors has been a very poor historical dividend comparison - a rank of 61 out of 65 companies (Exhibit 10).
- If our distributable interest rate had been 0.55% higher over the last 10 years, then our historical dividend ranking would have improved 20 places, from 61 to 41 out of 65 companies.

Generational Equity

- Metropolitan's Corporate objective is to deliver value to our customers. Investing in deferred income assets and distributing only book income plus realized capital gains, results in low value to current and past generations of policyholders and excessive distributions to future generations of policyholders. (Exhibit 11).

Alternative Strategies In Setting the 1988 Dividend Scale

- By following traditional practices, our dividend scales would be reduced $55 million. An alternative, but extreme, strategy might be to sell all real estate which would then support a $250 million increase in dividend scales. (Exhibit 12).

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Why Sell The Real Estate Assets?

- Two possible reasons for selling real estate would be to raise cash or to realize a capital gain to increase surplus.
- It isn't necessary to raise cash in order to increase dividends since every $1 in dividends results in an actual increase in assets of 6¢. However, surplus would be temporarily reduced if dividend scales are raised without taking capital gains. (Exhibit 13).

Recommendation

- Neither of the above strategies are attractive.
- While a $250 million dividend scale increase (without selling the real estate since cash would not be needed) might be supportable, an increase of $100 million would be a measured step to enhance both our historical and current competitive position. (Exhibit 14)

Personal Insurance Actuarial and Financial Control

July 1, 1987

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Exhibit 1

Assets & Investment Income
U.S. Ordinary
(in Millions)

	Year-End Assets	Income	Earnings Rate	Deferred Income Assets: Impact on Portfolio Rate	% of Total Assets	Earnings: Amount	Earnings: Rate
1983							
Wholly Owned Real Estate	817.2	27.5	3.63%				
Joint Ventures	885.7	-57.5	-7.03%				
Subsidiaries	493.9	.0	.00%		9.4[illegible]%	[illegible]0.0	-1.45%
Other Invested Assets	20,123.6	1,653.6	8.63%				
Total Invested Assets	22,320.4	1,621.6	7.65%	-.9[illegible]%			
1984							
Wholly Owned Real Estate	1,398.5	43.3	3.91%				
Joint Ventures	1,182.0	-[illegible].3	-8.15%				
Subsidiaries	465.5	.0	.00%		[illegible]3.45%	-41.0	-1.56%
Other Invested Assets	19,604.0	1,704.[illegible]	[illegible].97%				
Total Invested Assets	22,650.0	1,661.4	7.6[illegible]%	-1.[illegible]%			
1985							
Wholly Owned Real Estate	[illegible]857.6	84.[illegible]	5.[illegible]%				
Joint Ventures	1,63[illegible].6	-6[illegible].9	-6.1[illegible]%		20.96%	-2.5	-.07%
Subsidiaries	1,313.6	.0	[illegible]				
Other Invested Assets	18,108.9	1,666.[illegible]	[illegible]				
Total Invested Assets	22,911.7	1,663.[illegible]	7.58%	-1.67%			
1986							
Wholly Owned Real Estate	2,075.9	80.9	4.11%				
Joint Ventures	2,021.2	-107.0	-5.86%		23.11%	-26.1	-.51%
Subsidiaries	1,352.5	.0	.00%				
Other Invested Assets	18,125.5	1,609.1	9.29%				
Total Invested Assets	23,574.7	1,583.0	7.05%	-2.24%			

Personal Insurance Actuarial and Financial Controls

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Exhibit 2

Assets & Investment Income

U.S. Only
(in Millions)

	Group Life & Health			Pensions		
	Year-End Assets	Income	Earnings Rate	Year-End Assets	Income	Earnings Rate
1983						
Wholly Owned Real Estate	87.0	6.7	8.31%	117.0	22.7	20.93%
Joint Ventures	108.0	-5.4	-5.41%	42.0	-16.6	-42.77%
Subsidiaries	n/a	n/a	n/a	n/a	n/a	n/a
Other Invested Assets	3,615.8	313.7	9.13%	[illegible]	[illegible]	10.67%
Total Invested Assets	3,810.8	315.0	8.74%	21,394.0	[illegible]	10.68%
1984						
Wholly Owned Real Estate	96.0	[illegible]	10.82%	140.0	30.5	23.74%
Joint Ventures	106.0	[illegible]	-16.82%	78.0	-30.0	-50.00%
Subsidiaries	n/a	n/a	n/a	n/a	n/a	n/a
Other Invested Assets	4,001.2	391.5	[illegible]	26,239.2	2,632.5	11.74%
Total Invested Assets	[illegible]	[illegible]	[illegible]	26,457.2	2,633.0	11.65%
1985						
Wholly Owned Real Estate	[illegible]	[illegible]	[illegible]	478.0	30.4	9.84%
Joint Ventures	104.0	[illegible]	[illegible]	255.0	2.7	1.62%
Subsidiaries	n/a	n/a	n/a	n/a	n/a	n/a
Other Invested Assets	4,781.7	[illegible]	10.53%	30,888.1	3,214.3	11.92%
Total Invested Assets	[illegible]	[illegible]	10.18%	31,621.1	3,247.4	11.85%
1986						
Wholly Owned Real Estate	144.0	9.6	7.74%	1,121.0	70.5	8.82%
Joint Ventures	107.0	-3.4	-3.22%	481.0	11.9	3.23%
Subsidiaries	n/a	n/a	n/a	n/a	n/a	n/a
Other Invested Assets	5,319.0	487.5	10.14%	32,617.3	3,472.1	11.57%
Total Invested Assets	5,570.0	493.7	9.81%	34,219.3	3,554.5	11.41%

Personal Insurance Actuarial and Financial Controls

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Exhibit 3

Deferred Income Assets as a % of Total Assets

(U.S. Only)

	Ordinary Life	Group Life & Health	Pensions
1983	9.84%	5.12%	[illegible]
1984	13.45%	4.[illegible]	[illegible]
1985	20.96%	4.17%	2.32%
1986	2[illegible]	4.[illegible]	4.68%

Note: The investments in subsidiaries by Group Life & Health and Pensions are not readily available, but the amounts are believed to be relatively small.

Personal Insurance Actuarial and Financial Controls

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Exhibit 4

Impact of Deferred Income Assets on Portfolio Rates

(U.S. Only)

	Ordinary Life	Group Life & Health	Pensions
1983	-.98%	-.[illegible]0%	.01%
1984	-1.28%	-.79%	-.10%
1985	-1.[illegible]7%	-.35%	-.08%
1986	-2.2[illegible]%	[illegible]	-.15%

Note: The investments in subsidiaries by Group Life & Health and Pensions are not readily available, but the impacts are believed to be minimal.

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Notes to Exhibits 5 through 9

- These exhibits use a two-year moving average which smooths out annual fluctuations and, therefore, more clearly shows the overall level and the trends of each measure presented.

- In 1985 and 1986, Equitable sold substantial amounts of nonparticipating Single Premium Life Insurance which caused disproportionate increases in their reserves. To avoid distortion of their results relative to the other companies, Equitable's reserves were adjusted downward to remove this impact.

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Exhibit 5

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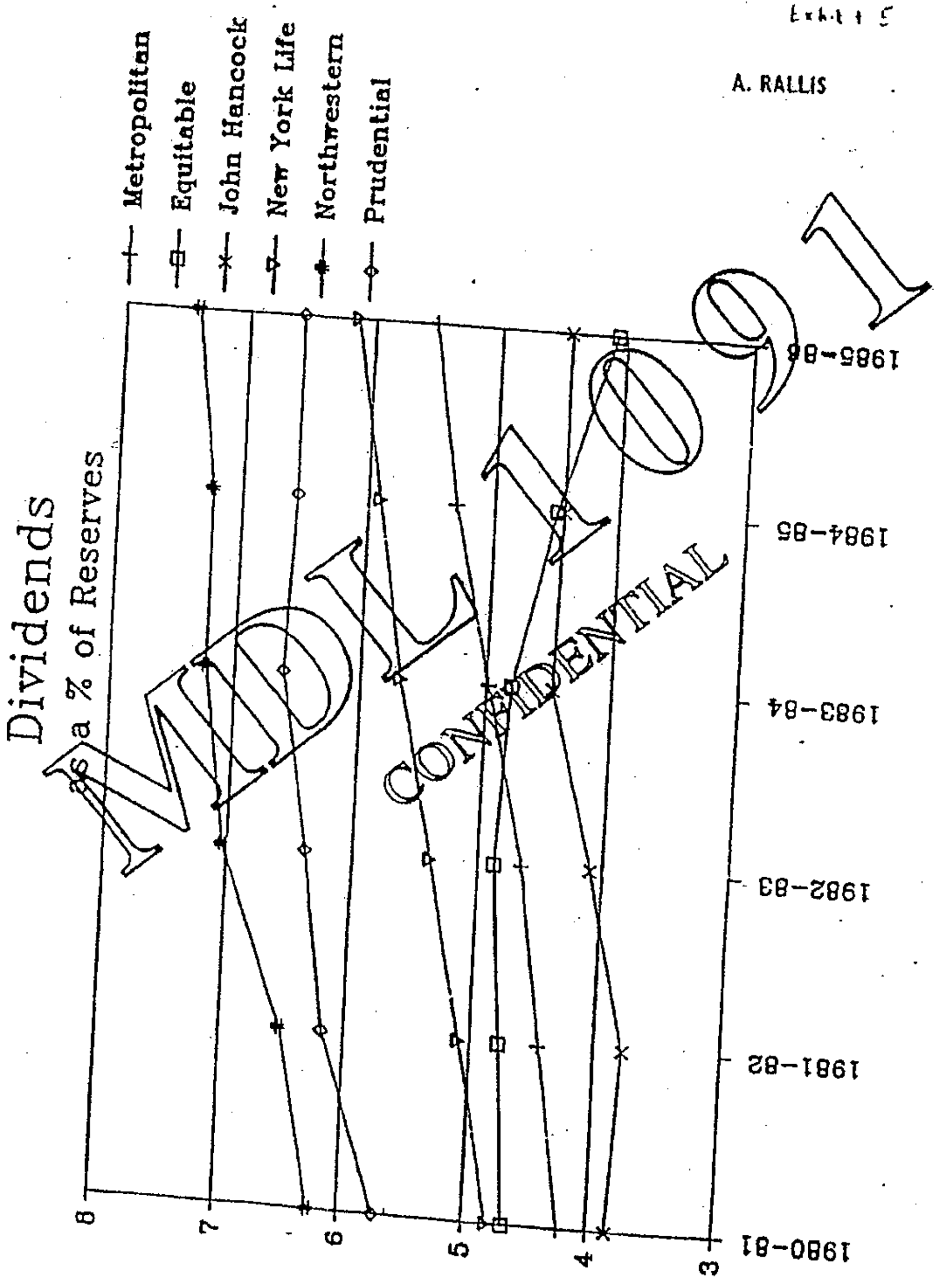

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Net Investment Income
as a % of Reserves

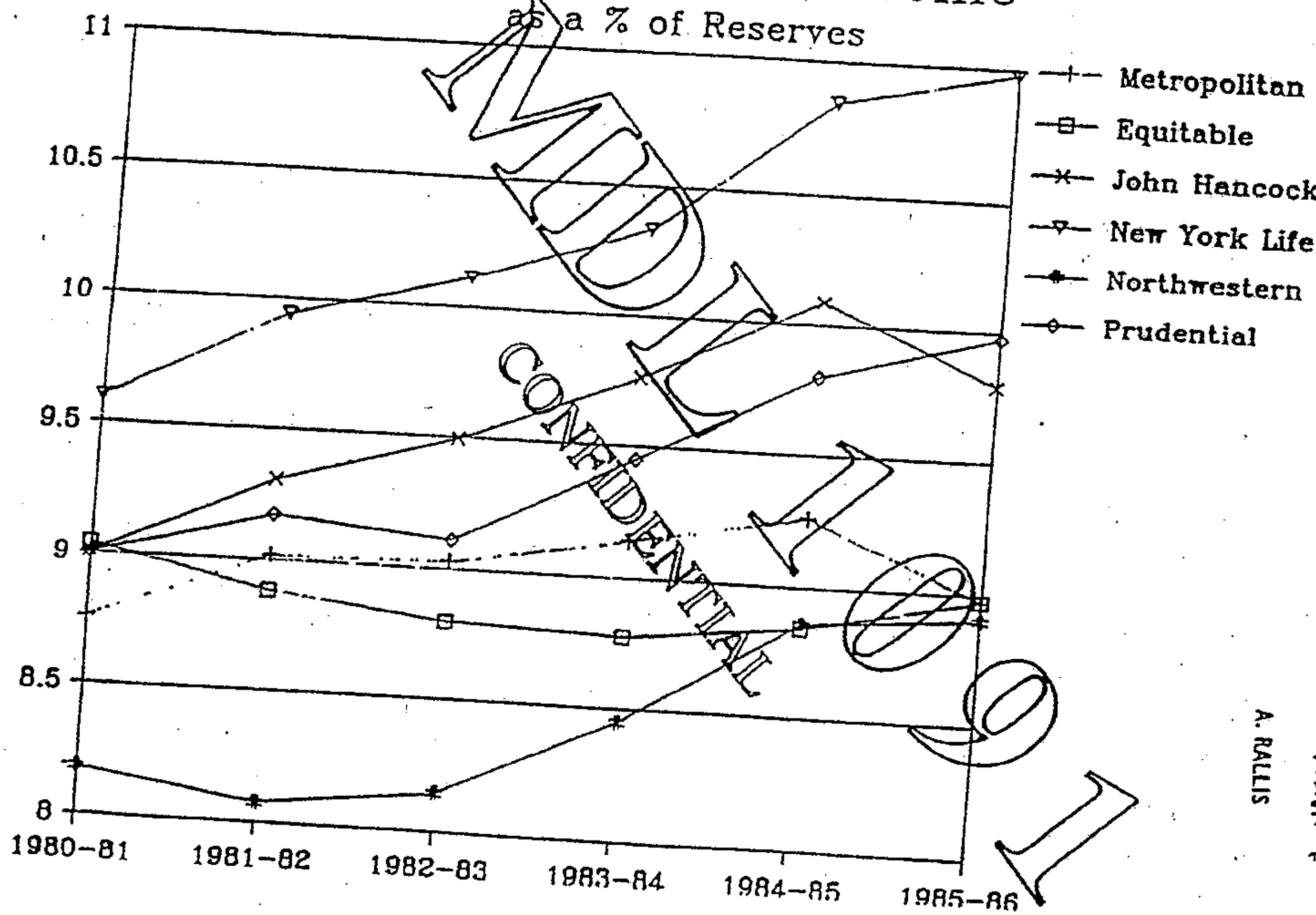

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Exhibit 7

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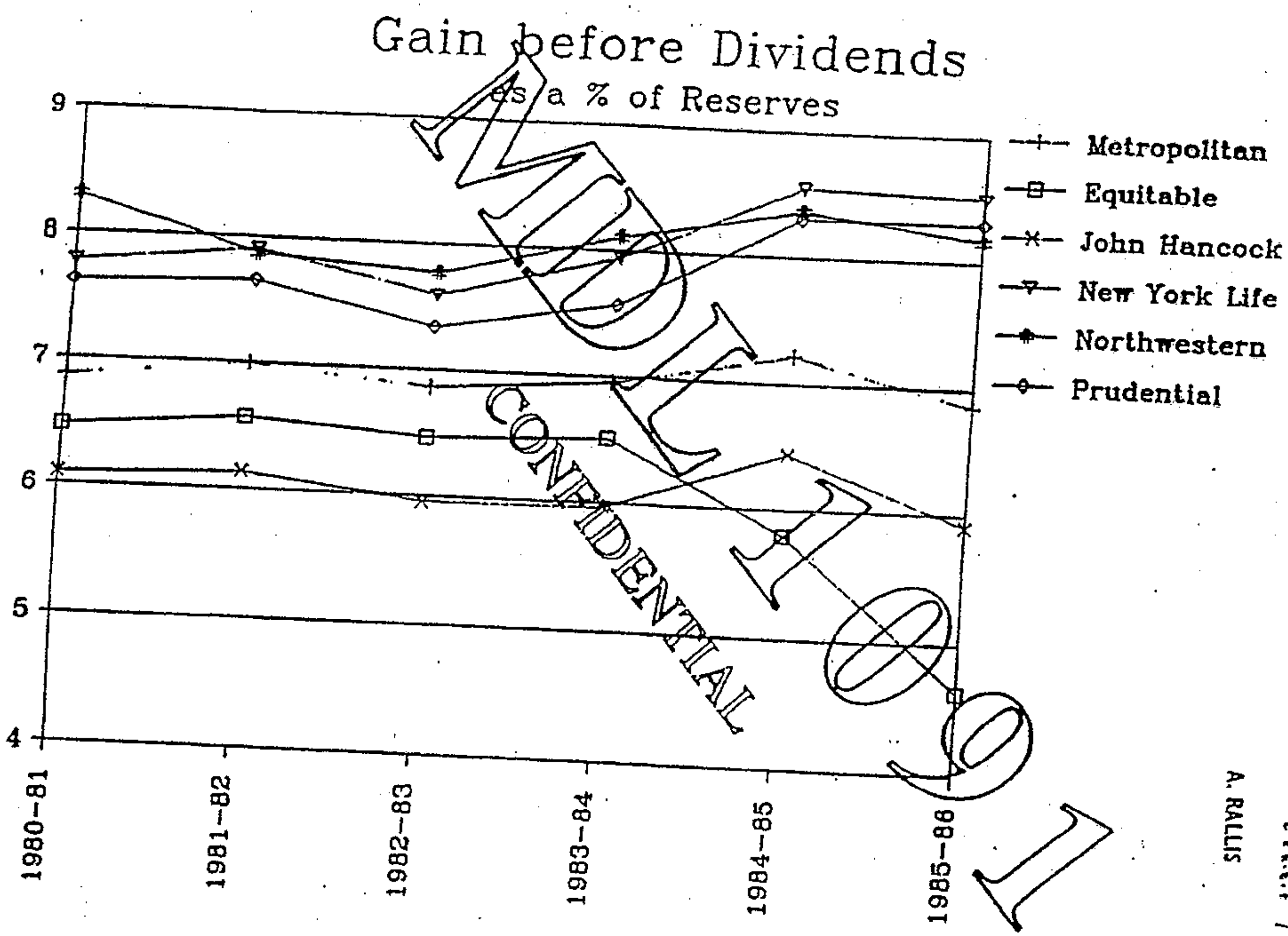

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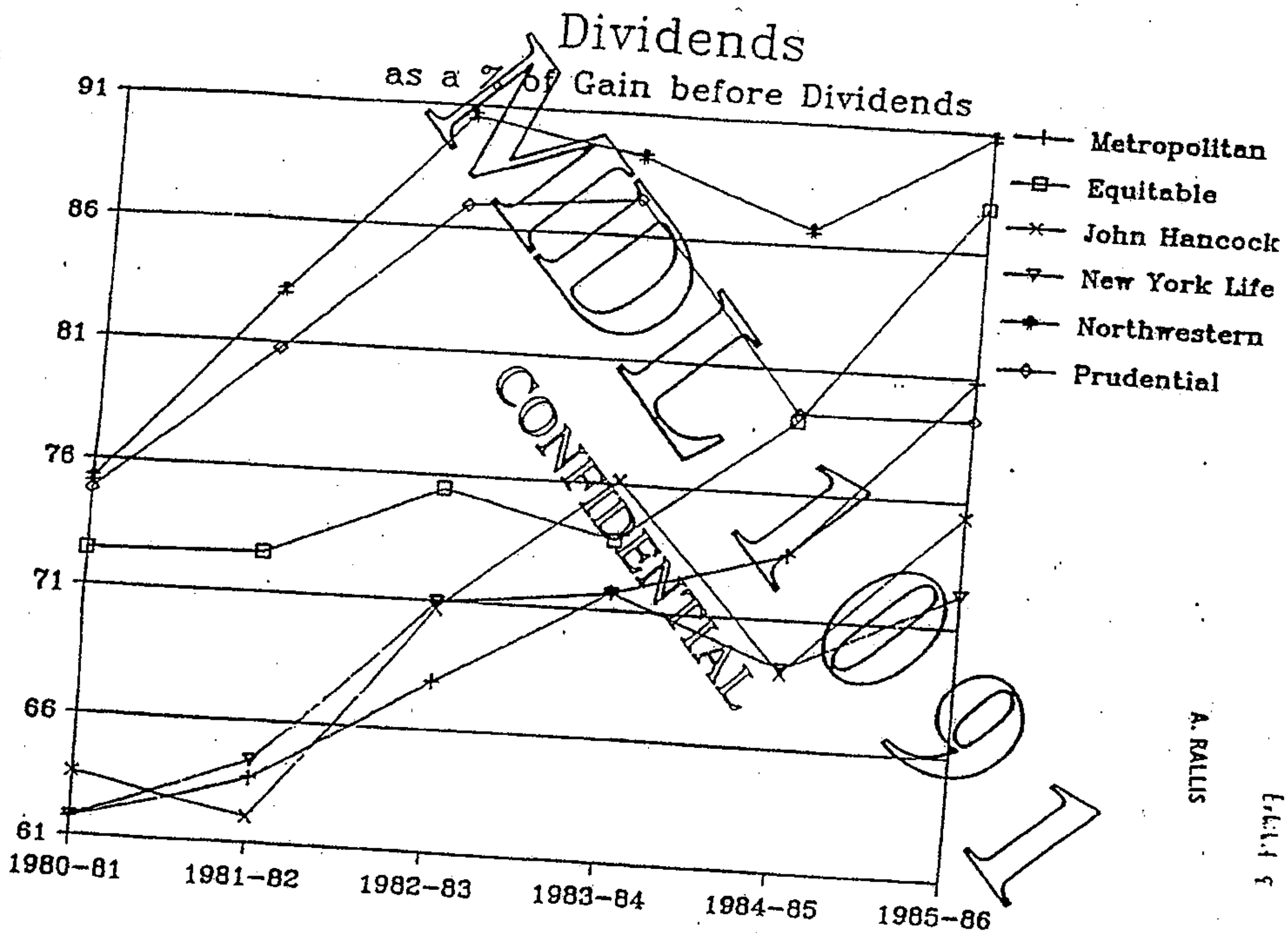

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Exhibit 9

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Exhibit 9

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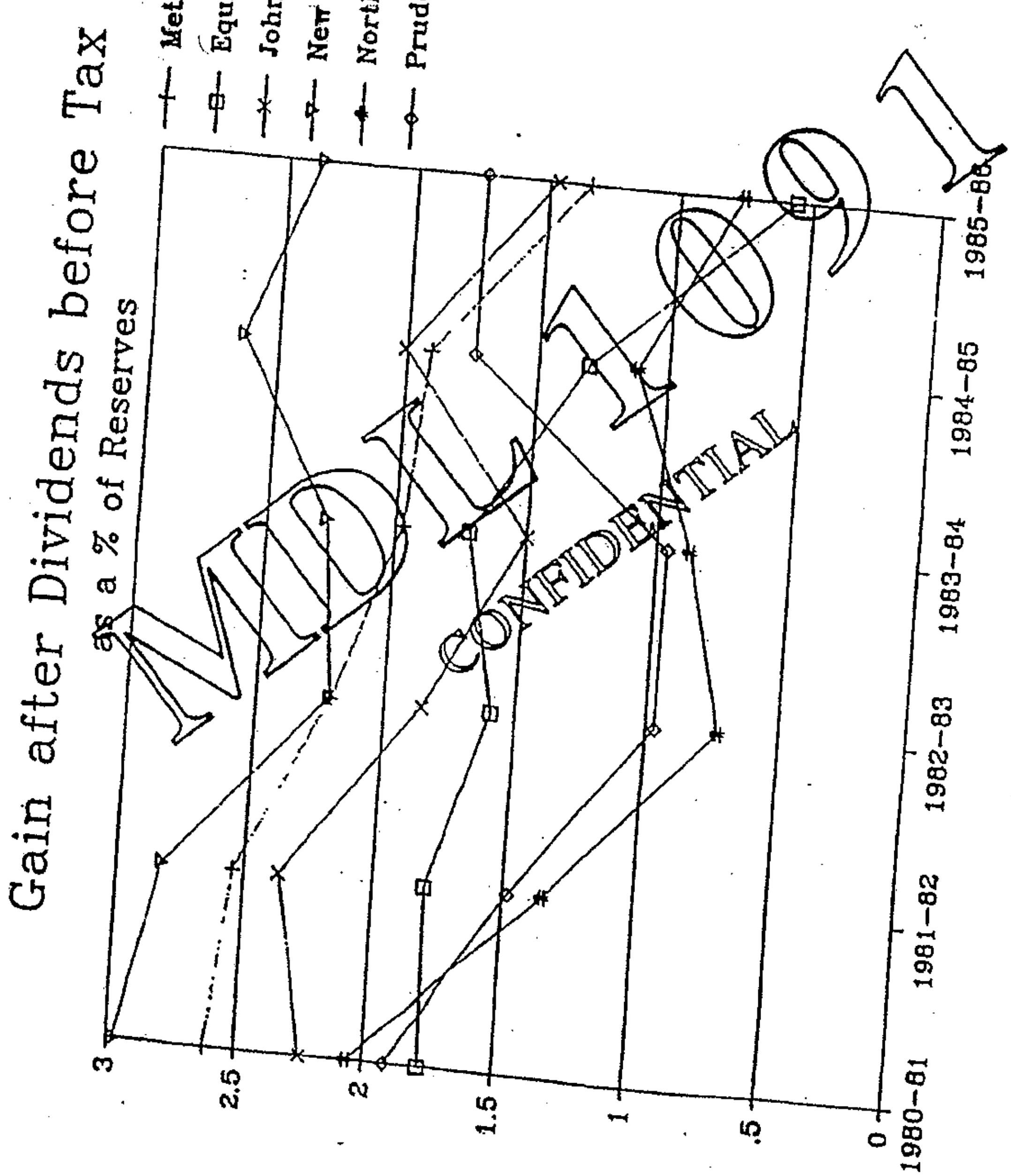

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Exhibit 10

BEST'S 10 YEAR DIVIDEND COMPARISONS

10 YEAR INTEREST-ADJUSTED SURRENDER COST INDEX COMPARISON

(MALE AGE 35 RATED STANDARD, POLICY ISSUED 10 YEARS PRIOR TO INDICATED YEAR)

	INDEX				RANKING OUT OF 65 COMPANIES			
	1983	1984	1985	1986	1983	1984	1985	1986
METROPOLITAN	7.12	7.23	7.15	6.9[illegible]	59	60	64	61
EQUITABLE	4.83	4.68	4.57	[illegible].99	10	10	11	11
JOHN HANCOCK	5.48	5.35	5.24	5.2[illegible]	24	24	29	40
NORTHWESTERN	3.43	3.11	2.61	2.10	1	1	2	2
PRUDENTIAL	6.45	6.24	5.19	5.04	47	45	28	34
N. Y. LIFE	6.69	5.76	5.66	5[illegible]	53	34	39	44

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. PERSONAL INSURANCE ACTUARIAL AND FINANCIAL CONTROLS

JULY 1, 1987

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Exhibit 11

GENERATIONAL EQUITY

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The generational equity problem which we face can be illustrated by a simple real estate mutual fund example that operates in a manner similar to the way that we distribute real estate earnings to our policyholders.

As the baseline scenario, a number of investors place $100,000 into the fund and this amount is used to purchase real estate. For simplicity, assume that this asset has zero net earnings for 7 years until it is sold for a capital gain equivalent to 8% per year. The investors are credited 20% of this capital gain each year for 5 years, and the cash proceeds from the sale are invested at 8% (for simplicity) which is credited each year to the investors as earned. All investors remain in the fund for 15 years.

Under a second scenario, $20,000 is withdrawn by several investors at the end of year 8. Under a third scenario, new investors are allowed to invest $100,000 at the beginning of year 8.

Baseline Scenario		Some Investors Withdraw at Book Value			New Investors Enter at Book Value		
			Cum. Annualized Return			Cum. Annualized Return	
End-Year Unit Values	Cumulative Annualized Return	New Unit Values	Persisting Investors	Withdrawing Investors	New Unit Values	Original Investors	New Investors
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.0000	.00 %	1.0000	.00 %	.00 %	1.0000	.00 %	-
1.1428	.92 %	1.1428	1.92 %	1.92 %	1.1428	1.92 %	-
1.4226	4.[illegible]0 %	1.4226	4.50 %	4.50 %	1.2920	3.25 %	13.06 %
1.7135	6.17 %	1.7611	6.49 %	-	1.4898	4.53 %	14.18 %
2.0162	7.26 %	2.0946	7.67 %	-	1.6973	5.43 %	14.10 %
2.3316	8.00 %	2.4416	8.45 %	-	1.9153	6.09 %	13.78 %
2.5182	8.00 %	2.6369	8.42 %	-	2.0685	6.24 %	12.60 %
2.7196	8.00 %	2.8479	8.38 %	-	2.2340	6.38 %	11.82 %
2.9372	8.00 %	3.0757	8.36 %	-	2.4127	6.49 %	11.27 %
3.1722	8.00 %	3.3218	8.33 %	-	2.6058	6.59 %	10.85 %

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Exhibit 12

Comparison of Earnings - Different Dividend Stategies

($ Millions)

1987	Current Scale	Traditional Approach	Sell All Real Estate
a. Statutory Gain before Dividends	1,177	1,177	1,381
b. Statutory Dividends	1,049	994	1,311
c. Statutory Gain after Dividends	128	183	70
d. GAAP Gain before Dividends	1,255	1,255	1,504
e. GAAP Dividends	1,049	1,022	1,180
f. GAAP Earnings	206	[illegible]	324

1988	Current Scale	Traditional Approach	Sell All Real Estate
a. Statutory Gain before Dividends	1,175	1,175	1,409
b. Statutory Dividends	1,086	992	1,357
c. Statutory Gain after Dividends	89	183	52
d. GAAP Gain before Dividends	1,253	1,253	1,532
e. GAAP Dividends	1,086	993	1,334
f. GAAP Earnings	167	260	198

Personal Insurance Actuarial and Financial Controls

July 2, 1987

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Exhibit 13

IMPACT OF $1 PAID AS A DIVIDEND

$ .70	Remains with the Company as A.I. or BWI
.34	Gains tax credit
.02	Surplus tax credit
$1.06	Total assets
.06	Increase in assets

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Exhibit 14

Comparison of Earnings -- Different Dividend Stategies

($ Millions)

1987	Current Scale	Traditional Approach	Sell All Real Estate	Recomendation
a. Statutory Gain before Dividends	1,177	1,177	1,381	1,177
b. Statutory Dividends	1,049	994	1,311	1,149
c. Statutory Gain after Dividends	128	183	70	28
d. GAAP Gain before Dividends	1,255	1,255	1,504	1,255
e. GAAP Dividends	1,049	1,022	1,180	1,099
f. GAAP Earnings	206	234	324	156

1988	Current Scale	Traditional Approach	Sell All Real Estate	Recomendation
a. Statutory Gain before Dividends	1,175	1,175	1,409	1,175
b. Statutory Dividends	1,086	992	1,357	1,189
c. Statutory Gain after Dividends	89	183	52	-14
d. GAAP Gain before Dividends	1,253	1,253	1,532	1,253
e. GAAP Dividends	1,086	993	1,334	1,169
f. GAAP Earnings	167	260	198	84

Personal Insurance Actuarial and Financial Controls

July 2, 1987

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